

The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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American Business Uncertain of Future

On the Whole, Conditions Are Favorable, but War Clouds Cast Wide Spell of Gloom

STOCK MARKET IS NERVOUS

Feeling Prevails That Setbacks Are Temporary and Next Six Months Will See Advances

The following article is based on an analysis of the business situation prepared by Dr. Harold G. Moulton, president of the Brookings Institution, and a member of the editorial board of THE AMERICAN OBSERVER.

September has been a month of anxiety. People have been worried and jittery. They have been afraid of war for one thing; not that we Americans would be involved—not for a while at least—but that the fighting in Spain or China might spread and engulf Europe and Asia. There has been speculation about the effect of a great war in Europe upon American business.

Fears for business have also sprung from other sources. There has been less confidence in the permanence of the recovery movement lately than there was a few weeks ago. It has been whispered about that things were not going as they should; that we were in for another decline and possibly that we might slide back into depression. The stock market has reflected these fears by staging the most drastic decline we have witnessed since the low point of the depression. Stock in the United States Steel Corporation, for example, which was selling for \$120 a share in August had reached \$90 by September 20, and the 200,000 or so people who had money invested in that great corporation saw their property shrink a fourth in value in a month. Stockholders in other companies had a similar experience.

How Is Business?

Are these fears about business justified? How are things going, as a matter of fact? No man is wise enough to tell to a certainty what is coming in the world of business. It is possible, however, to observe certain signs of the times, and to analyze some of the conditions which affect industrial stability and progress. That is what we shall undertake to do in this discussion.

First, let us examine the actual state of business activity. How much is being produced by the factories of the nation? We may compare present production with production in 1923-25, fairly prosperous years but not a period of "boom." Taking production in 1923-25 as 100, the figure for the first quarter of 1936 was 101. In other words, one per cent more of goods and materials was being turned out in January, February, and March 1936 than was being produced during 1923-25. By the second quarter of 1937 the production figure, or index, was 117. By July of this year, the last month for which figures are available, it was 114.

These figures show two things. First, actual activity in industry is now greater by 14 per cent, about one-seventh, than it was during the normal, preboom, predepression years of the nineteen twenties. This does not mean that the country is more prosperous than it was then, for it has grown in population, and it must produce considerably more than it did 13 years ago in order really to be as active and as well off. But production has reached a point

(Concluded on page 8)



AND NOW WHERE?

From an etching by Rockwell Kent in "Fine Prints of the Year, 1936." (Minton, Balch)

For Higher Standards

We are accustomed to speak with pride of the "American standard of living," and, to a certain extent, the pride is justified. In no other great nation does such a large proportion of the population live in comfort as in the United States. One who is inclined to be satisfied with the situation here, however, should read an article by Selden C. Meneff on "Standard of Living" in the September Survey. Summarizing a number of authoritative reports, this article calls attention to the fact that the average family income in the United States is \$1,300 a year, with a third receiving less than \$1,000. An income of \$1,300 allows a family to live at what is called the "maintenance level," which provides only necessities for health and decency and practically nothing for luxury, recreation, or higher education for the children. The majority of Americans, even in the most prosperous periods of our history, have been unable to live in comfort and security.

This is not a pretty picture. It does not look much like the realization of the American dream of plenty and security for all. We cannot, as good patriots, interested in the welfare of our country, be satisfied with conditions as they are. We should not, of course, lose our poise and balance in our effort to raise the standards of American living. We should be on guard against hasty or ill-considered legislation, against harebrained schemes for sudden improvement. The ills which we suffer are as old as human life. The fact that living standards have been low throughout our history, and not only here but in every nation of the world, indicates that the causes are many and deeply imbedded in the facts of individual and social life. We must realize that bad as conditions are, they are much better than they were during the early years of American history. Progress has been made and we should be careful not to disturb the forces which in the past have made for such moderate progress as we have enjoyed.

On the other hand, we must not be content merely to ward off unwise proposals for human betterment. We must somehow find means of improving the conditions which we regret. Remembering that America has been a land of progress, we must see that the progress toward better things is continued. Not only that, but with our improving education and our increasing command over the forces of nature, we should consider ourselves unworthy Americans indeed if we were not able very greatly to increase the pace of social and economic progress.

The patriotic American will not be content with the fact that people live better than they lived a century ago. He will look toward the future as well as to the past. He will behold a vision of the America that is to be, a land from which undeserved poverty and slums and want are banned. It will be his purpose to make the term "American standard of living" mean more than it means today.

Palestine Division Reviewed by League

Council Considers British Proposal to Partition Region Held Under Mandate

JEWISH-ARAB CLASH DEEP

Dissatisfaction of Both Groups Arises from Britain's Conflicting Promises During World War

The Council of the League of Nations, meeting at Geneva this month, has been requested by Great Britain to approve a plan for the partitioning of the historic land of Palestine. Plans for the partitioning of the Holy Land were submitted several months ago by a special commission of experts sent to Palestine to study the problems which have disrupted the peace and tranquillity of the region ever since the close of the World War. The commission came to the conclusion that the only solution to the problem was to partition Palestine: to establish an independent Jewish state, an independent Arab state, and a small section—including Jerusalem, Bethlehem, Nazareth, and a corridor to the sea, which would serve as a protection of the holy places—over which Great Britain would retain control. Now, the British government asks the Council's permission to send a committee to Palestine to negotiate with Jews and Arabs over the details of the partition proposal which has been drawn up.

Mandated Area

Consent of the League of Nations must be obtained before Great Britain can proceed with its plans of partition. Palestine is not a British possession. Rather it is a British mandate, under the general supervision of the League of Nations. While Great Britain has been responsible for maintaining order and for the general government of Palestine since the close of the World War, it cannot act independently of the League. The mandate system came into being in order to help a number of regions in the Near East, Africa, and the Far East prepare themselves for ultimate independence. The mandated areas of the Near East were entrusted to the governments of France and England.

Now, after 15 years, the British government admits failure of its mandate and is seeking other means of solving the Palestine problem. During the postwar period it has been unable to reconcile the differences which divide Jews and Arabs, the dominating races in Palestine. Disorders have been frequent since 1920. In the main they have been clashes between the two racial groups, but in certain instances they have represented opposition to Great Britain and British policy. No later than last year there were serious disturbances, lasting several months, requiring additional British troops to maintain a semblance of order and stability.

The basic conflicts in Palestine spring from two principal sources. In the first place there are the natural conflicts between two clashing racial groups, each with strong religious traditions, different nationalistic aspirations, and economic interests. The second reason for discord is closely allied to the first and comes from contradictory promises made to both groups by the British government for their support during the World War.

In order to defeat Turkey, which lined up with Germany during the war and which

had controlled Palestine for centuries, Great Britain promised the Arabs of the Holy Land to help them win their independence if they would revolt against Turkish rule. Taking the English at their word, the Arabs did revolt, and it was largely due to this fact that the Allies were able to defeat Turkey in the Near East. At the same time, the British promised the Jews of Palestine support for their cherished ambitions. In November 1917, Lord Balfour, the British foreign secretary, pledged British support for the establishment in Palestine of a national home and refuge for the Jewish exiles of the world. There was a vital contradiction between the Balfour declaration and the promises made to the Arabs, for it would be impossible to have an independent Jewish nation and an independent Arab nation occupying Palestine at one and the same time.

Jewish-Arab Conflicts

During all the years of the British mandate, both Jews and Arabs have expected Great Britain to fulfil her promises to them. The Jews dreamed of the day when they would control the land of their fathers and become once more a nation. The Arabs likewise interpreted the British pledge as meaning that the day would come when they would rule over Palestine.

To aggravate the situation, both the Jews and the Arabs pursued conflicting policies in Palestine during the postwar period. For 30 years before the World War, the Zionist movement, a world organization of Jews whose purpose was to establish Jewish colonies in Palestine, had been throttled by stout opposition on the part of Turkey. When Palestine was released from the Turkish yoke, colonization grew by leaps and bounds. By collecting large sums of money from Jews all over the world, the Zionists were able to buy land and settle hundreds of thousands of their brethren in Palestine. The population jumped from some 60,000 before the war to 400,000 at present.

During the 17 years that the Zionists have had a free hand in establishing the National Home in Palestine, spectacular progress has been made. Practically all the arable land of the country has been purchased from previous owners, often at many times its former value. Houses have been built, schools and hospitals erected, industrial centers established. Hundreds of millions of dollars have been spent in realizing the centuries-old dreams of the Jews. As a result, one sees today in Palestine the city of Tel-Aviv, a model of industrial and commercial efficiency. Railroads have been built, electrification projects launched; barren land has been made to flourish. Through the ingenuity and capital of the Zionists, the whole face of



A JEWISH COOPERATIVE VILLAGE IN PALESTINE

CHARLES E. BROWN FROM EUROPEAN

With characteristic energy the Jews of Palestine have reclaimed swampy, malarial lands into fertile farming districts. In this village the farms fan out from the hub of a great wheel. Instead of living in isolated houses, the members of the cooperative are grouped in a single community.

Palestine has been changed and its wealth increased manifold.

While the Arab population has shared in this increasing prosperity, the Jewish advances have not been accepted with placidity. Arabs, though they still outnumber the Jews two to one, see ominous signs on the horizon. Especially ominous have been the signs of recent years when a wave of anti-Semitism has forced additional numbers of Jewish exiles to seek a haven in Palestine. The Arabs naturally felt that the day would come when the country would be overriden with Jews and they would be completely dominated by an alien race. The royal commission probably expressed the true sentiment of most Arabs when it declared in its report: "Their feeling in the matter has been put in some such figurative language as this: 'You say we are better off: you say my house has been enriched by the strangers who have entered it. But it is my house, and I did not invite the strangers in, or ask them to enrich it, and I do not care how poor or bare it is, if only I am master in it.'"

Irreconcilable Aims

On the political side, the Arabs have had aspirations as intense as those of the Jews. There has developed throughout the Near East a nationalist movement which has inspired millions of Arabs to aspire to a national existence and unity. Proposals have been made envisaging the creating of an Arab federation, composed of all the Arab groups. Such hopes and aspirations are naturally in direct opposition to the Jewish aims, and thus irreconcilable with them.

Here we have the background of the Palestine problem which led to the proposals for its partition. Would the proposed solution actually result in peace and stability in the Holy Land? The commission admits frankly that a solution which would satisfy the demands of both groups would be impossible of realization. "The problem cannot be solved," it says, "by giving either the Jews or the Arabs all they want. The answer to the question which of them in the end will govern Palestine must be 'Neither.' No fair-minded statesman can think it right either that 400,000 Jews, whose entry into Palestine has been facilitated by the British government and approved by the League of Nations, should be handed over to Arab rule, or that, if the Jews should become a majority, a million Arabs should be handed over to their rule. But while neither race can fairly rule all Palestine, each race might justly rule part of it."

The proposed Jewish state will comprise an area about the size of the state of Delaware. It will include about a fourth of the total area of the country and most of the productive land will lie within its borders. To the independent Arab state will be given

the rest of Palestine (except the small area over which Britain will retain a mandate—see map) and in addition the whole of Transjordan, inhabited almost wholly by Arabs. The Jews will be unable to acquire land in Arab territory, and the Arabs will be similarly prevented from acquiring land in the Jewish state. The plan calls for the formation of a military alliance between Britain and each of the new states in order to protect them from a foreign attack.

British Position

As the British see it, the plan, while falling short of giving both groups what they want, will come as close to the ideal as possible. To the Arabs it will give independence and the opportunity to cooperate with neighboring Arab states in the cause of national unity and progress; it will remove the danger of their being dominated by Jews; it will compensate them for losses of territory and will enable them to develop their racial institutions.

The Jews, on the other hand, will be assured of the national home of which they have dreamed, and need not fear Arab domination at some future time; "they will attain the primary objective of Zionism—a Jewish nation, planted in Palestine, giving its nationals the same status in the world as other nations give theirs. They will cease at last to live a 'minority life.'"

Despite the reassurances and glowing promises of future stability which the British make, neither group is wholly satisfied with the proposed partition. In the first place, it has been pointed out that the division of the country would result in placing 250,000 Arabs under Jewish rule—a population more than half the size of the Jewish population of all Palestine. While it is conceivable that these Arabs might be moved to territory under the political control of the Arabs, such an undertaking could not be carried out without heavy expenditures and almost insurmountable difficulties.

The Jews feel that what they will gain from the partition is sheer mockery of the dreams they have long held for their national home. The territory is entirely too small to absorb the large numbers of exiles who may be expected to seek refuge in Palestine. Moreover, they contend, it is ridiculous to speak of a national Jewish state which does not include Jerusalem, with a population that is three-fourths Jewish and with a fifth of all the Jews of Palestine located within its confines.

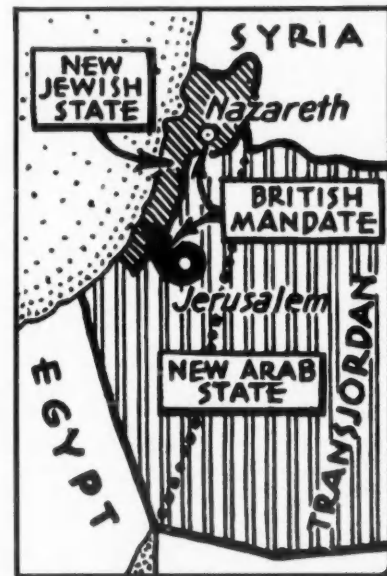
Other Objections

Nor are the Arabs any more satisfied with the plan. Most of them feel that the Jews are getting the better of the bargain: the most fertile and productive sections of the land. The more recalcitrant of them insist that Palestine is rightfully theirs and hence should be governed by them.

A number of objective criticisms have been made of the plan. It is pointed out that one-third of the Jews of Palestine will be left out of the Jewish state and that one-fourth of the Arabs would be left

within it. A practical difficulty is raised by Viscount Samuel, former high commissioner of Palestine, who, writing in the October *Foreign Affairs*, calls attention to these facts:

The land frontiers of the Jewish state would extend for 200 miles, crossed at a thousand points by roads and paths, with the railways repeatedly passing in and out again. How would it be possible to maintain any customs control, or immigration control, along such frontiers? How could crime be suppressed when any criminal, political or other, could come from one state into the other, commit



COURTESY NEW YORK TIMES

HOW THE BRITISH WOULD DIVIDE PALESTINE

his offense, and in a few minutes, perhaps, disappear again across the frontier into the jurisdiction of another police authority—possibly suspicious and unhelpful?

Despite the objections raised by both Jews and Arabs, as well as the practical difficulties raised by a number of authorities, there seems little doubt that the main provisions of the partition plan will be approved by the League of Nations. While Britain has come in for a great deal of criticism for failing to carry out her mandate to a successful completion, she appears determined to wash her hands of the Palestine affair and allow the two groups to fend for themselves as independent nations.



COURTESY GEOGRAPHICAL MAGAZINE
PALESTINIAN PEASANT

The product of a dozen invasions spread over 2,500 years. His blood is mainly Semitic and his religion Moslem. Arabic has supplanted other tongues.

The American Observer

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AROUND THE WORLD

Geneva: Attention in the Sino-Japanese conflict and the Spanish civil war was divided between the military fronts and the headquarters of the League of Nations in this quiet town on the shores of Lake Geneva. As the annual session of the League opened, both the Chinese and the Spanish delegates apprised the other members of conditions existing in their countries. Speaking for China, Dr. Wellington Koo calmly declared: "I have the honor to invite you to take cognizance of the fact that Japan has invaded China." And the Spanish delegate called attention to the situation in his country, charging that Italy and Germany, by their participation, were engaged in a "war of invasion."

While the scene may outwardly have appeared the same as it has at every meeting of the League Assembly since the organization of that body at the close of the World War, inwardly there was a vast difference between this and other sessions. Much of the hope and optimism and life that have marked other meetings was conspicuously absent last week, for the League of Nations has suffered rebuff after rebuff during the last six years. Japan, then Germany, resigned when the League attempted to check them. Italy has become ominously cool toward the League as a result of its attempt to defeat the Ethiopian venture by invoking economic sanctions. Thus there was little hope that much would come of the requests of China and Spain that the League take action against those who were waging war against them.

More importance was attached to the action of the Nyon conference, whose program was being put into effect in the Mediterranean to prevent further attacks upon neutral shipping (see THE AMERICAN OBSERVER, September 20). Warships and war planes of France and Britain were patrolling the great trade routes of the Mediterranean to prevent attacks upon merchant vessels in that region. Italy was still sulking, probably because France and England were going ahead without her assistance.

From the Chinese standpoint, also, there was more concern over action taken by Washington than hopes for action from Geneva. The President forbade government-owned vessels to transport arms to either China or Japan. The Nanking government promptly protested against this action, holding that it would seriously handicap the Chinese in their campaign against Japan. The Chinese claimed that the embargo would not seriously affect Japan since she could transport arms in her own ships, whereas they could not, having neither a navy nor an effective merchant marine. One of the immediate effects of the President's order was to halt a shipment of 19 airplanes which were to have gone to China on the American steamer *Wichita*.

France: A fairly serious financial crisis has been developing in France during the last few weeks. For a long time after Great Britain, in 1931, and the United States, two years later, left the gold standard, the French government clung tenaciously to gold and refused to devalue the franc. About a year ago, however, the French followed the English and the Americans and reduced the value of the franc. At the time of the devaluation, the French franc was worth about six and two-thirds cents, and after the devaluation it was worth only four and one half cents. In other words, the American dollar would buy 22 French francs after devaluation, whereas previously it could be exchanged for only 15. When the French decided to reduce the value of their currency, the United States and Great Britain entered into an informal agreement to attempt to keep their respective currencies,



SWISS PASTORAL

PHOTO BY A. G. WEHRLI

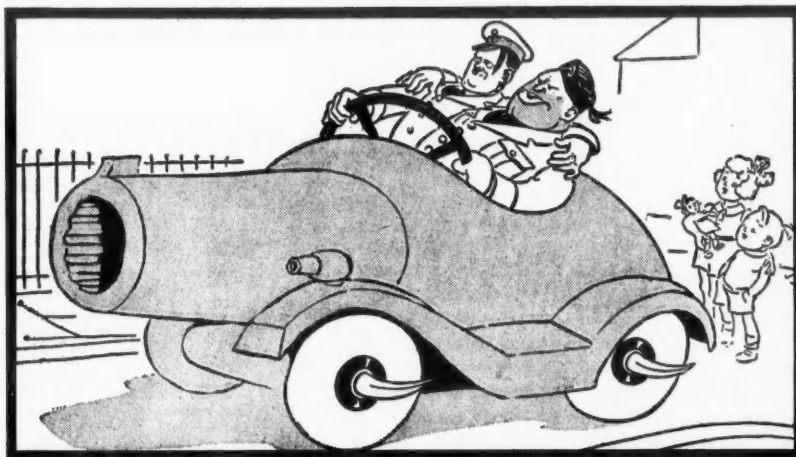
This peaceful scene in the Swiss Alps symbolizes the nation's neutral position in the conflicts of Europe. Switzerland is Europe's preferred international conference ground.

cies, the dollar and the pound, at approximately the level then existing between them and the franc.

But the French franc has recently been slipping, and the French government is greatly worried. Last week, it was worth only three and a half cents. Many Frenchmen with money to invest were afraid that it would sink even lower, and to protect themselves, invested their funds abroad where they felt they would be more secure. Hundred of millions of francs, even billions, are now estimated to be invested abroad. This "flight of capital," as it is known, has aggravated the situation, for it has tended further to weaken the position of the franc. In fact, it has been largely responsible for the decline of recent weeks. If it cannot be halted, confidence in the franc's stability

established by legislative decree. Drastic action may have to be taken by the government to prevent further declines of the franc and a period of uncontrollable inflation, which would have disastrous consequences for all sections of the population.

U. S. S. R.: No more conflicting reports have come out of any country than those which have flooded the presses of the world about conditions in Soviet Russia since the revolution of 1917. Part of the confusion is due to the strict censorship, part of it to superficial observation, but most of it is due to the personal social and economic philosophy of the writers. Those who are sympathetic to the Soviet experi-



DANGEROUS DRIVERS—(A BRITISH VIEW)

WALKER IN SOUTH WALES GAZETTE

may be further shattered and a serious collapse may result.

There have been other reasons for the franc's instability. For one thing, the government has been unable to balance its budget and has been running up huge deficits year after year. Part of the debt has been created by the large armament program and part of it by the heavy expenditures incurred by the government for public works and a number of social services designed to lift the country from the depression. Moreover, French industry has to meet heavier costs of production as a result of the 40-hour week which was es-

ment have naturally been inclined to look at Russia through rosy-colored glasses, whereas opponents of the regime have been hypercritical of everything that has occurred. A recent article by Herman H. Dinsmore, appearing in the *New York Times Magazine*, attempts to offer a fair appraisal of conditions in Russia. The author finds much to commend and much to condemn. Much progress has been made. In addition to the giant industries that have come into being, there are operas, playgrounds, athletic fields, clubs, race track, and amusement centers, but still, he says:

Whether the policies of Stalinism, with its purges, dismissals, and displacements, its emphasis upon building up heavy industries, and its obvious slighting of consumers' goods, is to blame or not, the fact is that the land of the Soviets is not a land of laughter. And despite Josef Stalin's injunction to the people, "Be gay," there is little gaiety in the Union of Soviet Socialist Republics.

Gravity is the word for the Russians. The sadness that broods over the Russian literature of czarist days is still present in the faces of the people on the streets. For it is one of the many paradoxes of Socialist Russia that the struggle for existence and individual achievement is probably harsher there than in any country in the western world.

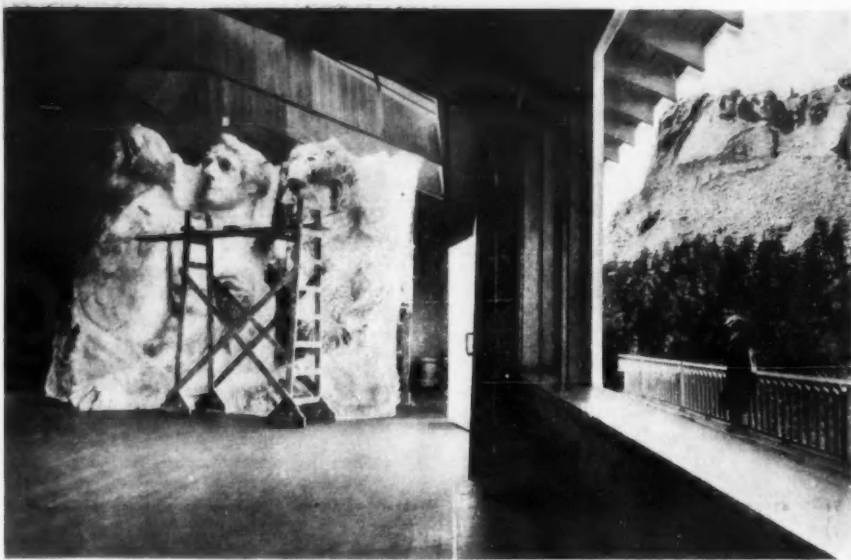
Poland: A wave of anti-Semitism, similar to that which has characterized the Nazi regime of Germany, is sweeping the principal cities of Poland. The Nationalist party has followed the German example of persecuting Jews, and has proclaimed an "Anti-Jewish Month." All Jewish merchants are being boycotted, and members of the party, together with Polish students, are picketing the stores owned by Jews. In a number of cities, including Warsaw, there has been considerable violence.

Germany: Until this week, only twice since he became dictator of Italy had Mussolini left his native country. In 1925, he went to the nearby Swiss town of Locarno to sign the international accords which gave Europe a breathing spell for a while, but which, unfortunately, did not result in permanent political appeasement. Early this year he went to Africa. This week-end, Il Duce again left Italy and went to Germany to hold a number of conversations with his brother dictator on the other end of the Rome-Berlin axis, Adolf Hitler. The two had met in 1934, when Hitler flew to Venice to discuss international matters with Mussolini. That conference, however, was more or less a fiasco. The Nazis had not proved their prowess in the international arena, and Hitler was regarded as something of an upstart by the more seasoned dictator.

But much has happened since 1934. Happy days have come to both leaders. Italy has conquered Ethiopia in the face of world opposition and in open defiance of the British navy. Germany has successfully broken the shackles of the Versailles Treaty; she has rearmaged, reoccupied the Rhineland, successfully outmaneuvered the other powers of Europe any number of times on the diplomatic front. What is more important, the two nations have moved steadily toward each other during the last three years, almost to the point of alliance.

The outside world will probably never know exactly what Mussolini and Hitler said this week-end in their conversations. Official statements will be meaningless, couched in the usual diplomatic verbiage. It was not expected that they would go so far as to form an open alliance; nevertheless, unless all signs are mistaken, their meeting holds more than usual significance.

Czechoslovakia: Thousand upon thousands of Czechs, people from all walks of life, from the lowliest peasant to the well born, last week paid tribute to Dr. Thomas G. Masaryk, the first president and "grand old man" of Czechoslovakia, who died a short time ago. For 17 years he served his country, through the trying period of its early growth. When the reins of the presidency fell to his successor, Eduard Benes, following his resignation in 1935, he still retained the title of president liberator. Few men in the post-war period have been held so highly in the esteem of their countrymen and few have fought more unflinchingly for the principles of democracy.



WIDE WORLD

GREAT FIGURES CARVED FROM A MOUNTAIN SIDE

At Mount Rushmore, South Dakota, the famous sculptor, Gutzon Borglum, is engaged in carving the faces of great Americans on a rocky hillside. The faces of Washington and Jefferson are clearly defined, and the rock on which the faces of Lincoln and Theodore Roosevelt will be carved can be seen from the studio of the sculptor at the base of the mountain, with the models of three of the faces from which the carvers worked.

The President's Speech

Of all the speeches delivered on the occasion of the 150th anniversary of the signing of the United States Constitution, two of the most significant and widely quoted were the addresses delivered by President Roosevelt and by Senator Borah of Idaho. Here are a few points covered in the President's address:

Democracies have been overthrown and have given way to dictatorships when these democracies have failed actually to serve the people. The American people are determined to maintain democracy, and the way to do that is to use their government to improve the condition of all. In particular, there is immediate need that labor be given shorter hours

carried into effect by the national government.

What we need, therefore, is not a new Constitution, for we must respect and preserve the Constitution that we have, but a sensible interpretation of the Constitution rather than a narrow, legalistic one. We cannot wait 20 years for the great reforms which are needed today. "You will find no justification," said the President, "in any of the language of the Constitution for delay in the reforms which the mass of the American people now demand."

Borah on Constitution

Senator Borah of Idaho, probably known throughout the world more widely than any other American senator, recognized as a student of constitutional problems, an outstanding opponent of President Roosevelt's proposal to increase the membership of the United States Supreme Court, spoke on the anniversary of the Constitution and took a different view from that expressed by the President. Whereas the President spoke of the necessity of securing fundamental reforms without delay and argued that the Constitution could legitimately be so construed as to permit these reforms, Senator Borah emphasized the necessity of preserving the independence of the courts.

If freedom and the rights of man are to be preserved, said the Idaho senator, there must be government by law, with independent courts to interpret the law. There cannot be security for the masses or protection for minority groups, political, racial, or religious, except through such a method of government.

If the people feel at any time that the Constitution does not permit them to do that which they wish to do, they may amend it. That right should always be open to them and it is provided by the Constitution. "Until the people speak," he said, "until the people make known their desires, the Constitution is sacredly binding upon the people, upon officials, upon the Congress, the Executive, and the courts."

If there is to be a law guaranteeing freedom and distributing the powers of government to different branches and divisions, there must be an independent umpire to see that the intent of the law is carried out. This umpire is, of course, the courts, headed by the Supreme Court, and it must be independent.

The alternative to free democratic government operating under law—under a law interpreted by independent courts—is force. Force governs a large part of the world. People impatient with the slower workings of democracy have turned in many places to dictatorship. But we in America should maintain our faith in our system of government and should preserve it as it is.

The Klan Issue

While Justice Hugo Black, formerly senator from Alabama, appointed recently to the United States Supreme Court, was in England resting for a while before assuming his new duties, the story was published in American

The Week in the

What the American People

newspapers to the effect that he was a member of the Ku Klux Klan. It was said that he had belonged to the Klan in the 1920's when it was strong throughout the country, that he had resigned later for political reasons, then had rejoined as a life member.

The publication of this story created a sensation. Many demands were heard that Justice Black resign. It was charged that the Ku Klux Klan was an organization which resorted to force and intimidation, and that its very existence was contrary to the spirit of democracy. The Klan, it was said, preached hatred of Catholics, Jews, and Negroes. It was a secret organization, and its members had frequently been known to resort to violence against its victims, to drive respected citizens from their communities and in other ways to terrorize those whom it opposed. It was argued that a man who belonged to the Klan was not fit to sit on the highest court of the United States.

Justice Black, when sought by reporters in London, had nothing to say. President Roosevelt said that there was nothing to be said about the matter until Justice Black returned to the United States. Many of Black's friends, however, came to his defense. It was generally admitted that Black had at one time been a member of the Klan, but it was said that more than 10 years ago he resigned and had had no connection with the organization since. It was contended that the Klan in its early days in Alabama was chiefly a pro-labor organization, organized for the purpose of fighting large corporations which came into the state from the outside, that it was not until later that it attacked racial and religious groups, that whatever might be said of the Klan, Justice Black had shown himself for many years to be a tolerant man, against whom no charge of racial or religious prejudice could be lodged. Letters from prominent Catholics, Jews, and Negroes praising Justice Black were brought forward to prove his reputation for fairness toward these groups.

One item in the charge against Justice Black is that he remained silent about his Klan connections at the time his name was before the Senate for confirmation. The question of his membership in the Klan came up at the time. There were public denials that he was or had

been a member. Senator Black said nothing. Several senators say now that they would have voted against his confirmation if they had known that he belonged to the Klan. It is certain, therefore, that this issue will blare forth again upon Justice Black's return from Europe.

Meanwhile, Klan officials are undertaking



"FRANKIE AND JOHNNIE WERE—"
HUNGERFORD IN PITTSBURGH POST-GAZETTE

to profit by the publicity the order has received. The Imperial Wizard, Hiram W. Evans, has been in New York presumably aiding a membership campaign. There is some evidence that the Klan is shifting its attention, in part at least, from Catholics, Jews, and Negroes to communists, "Reds," the C. I. O., and sharecropper "agitators."

Governors Meet

The principal problem discussed at the conference of governors, held recently at Atlantic City, New Jersey, was taxation—particularly overlapping taxation. The 19 state executives in attendance, 17 of whom later met with President Roosevelt in Washington, decided to call a later conference of state and federal officials to work out a more coordinated program of taxation. It has long been recognized that duplicating taxes have constituted a serious problem, for identical taxes imposed by both state and national government result in considerable friction.

Other items considered by the governors dealt primarily with interstate cooperation on mutual problems. The most important of these were flood control and electric power development, highway laws, regulation of trailers, and the extradition of criminals from one state to another.

Water for the Desert

The arid lands of western America, practically worthless as nature left them, can be transformed into productive farms by water. The federal government has realized the possibilities in this vast area; last session Congress voted \$41 million to be used to build dams and dig canals. The projects now planned, it is said, will support a million people once they are finished.

The farmer who relies on irrigation for water pays about \$1.25 an acre to operate the system, and each year he pays from 75 cents to \$4 an acre on the construction cost. But he can afford to do so. Irrigated farms have proved their worth. In 1934 they paid \$42 an acre, while the national average was only \$16.60. And there are no crop failures from drought on irrigated farms!

The miracle of irrigation was graphically described in the *New York Times* recently by Richard L. Neuberger, who wrote:

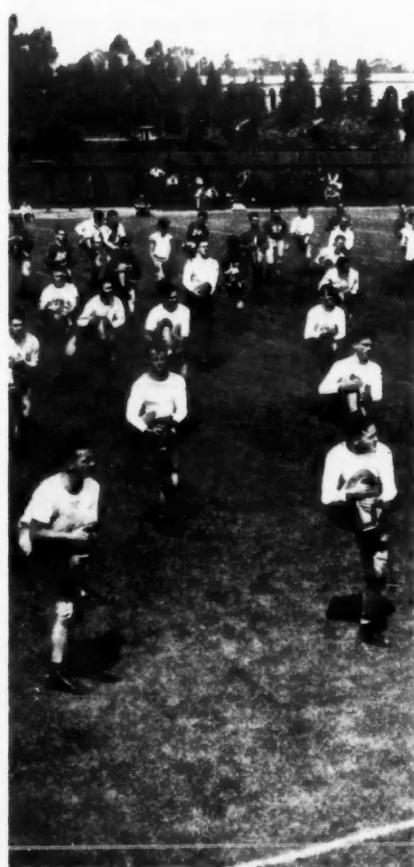
Here is a dry upland flat. On it a man not carrying a knapsack and canteen soon would die of thirst or starve to death—unless he could bring down with his rifle one of the coyotes that skulk by night from sagebrush to sagebrush. The



A BUMPER CROP
KIRBY IN N. Y. WORLD-TELEGRAM

and higher wages, that farmers be assured a more stable income, and that businessmen be protected from destructive trade practices. The majority of the people wish these things and they may be obtained constitutionally, provided the Constitution is interpreted as its framers meant that it should be.

The United States Constitution was intended by its authors to be interpreted so that it might meet the needs of changing times. It was not written by lawyers, but by practical men who did not believe in strained and twisted interpretations. Lawyers have frequently in the past held that the Constitution should be interpreted narrowly, and have said that the people, acting through their Congress, and the executive branch of the government, could not do constitutionally what they have wished to do. In the long run, these narrow legalistic interpretations of the lawyers have been swept aside, but it has taken a great deal of time. When, for example, the Constitution was narrowly interpreted to mean that Congress could not legislate concerning slavery in the territories, that narrow interpretation was overturned, but it took a war to do it. There were 20 years of unjust taxation after the people wished an income tax before such a tax was obtained. It took 20 years of exploitation of women's labor before the lawyers on the Supreme Court recognized the power of Congress to pass minimum wage laws for their protection. It has already been 20 years since the government first tried to prevent child labor, and a narrow interpretation of the Constitution still prevents this reform from being



WIDE WORLD

WITH FALL WEATHER THE FOOTBALL SEASON COMES INTO ITS OWN

the United States

Doing, Saying, and Thinking

area is grim and desolate. Nature seems to scowl. The automobile roads are dusty and dry. There is no sign of habitation. A breakdown without water might mean the death of a carload of people. Brush and cactus, here and there the skull of a perished animal—these are all the traveler sees. Yet the soil over which he drives is potentially fertile; moisture is all that it requires. And somewhere beyond the hills that shimmer in the distance is water.



HE'S WON HER HEART, BUT—
JUSTUS IN SIOUX CITY (IOWA) TRIBUNE

Man diverts the river. By means of ditches that twist through the hills he brings it to the arid upland flat. Cultivation is begun. Poplar trees, tall and stately, wave in the breeze. Farmhouses stud the landscape. Fields of corn are green under the sun. Small communities spring up. A railroad spur is run in from the main line 100 miles away. Warehouses are built. Long, yellow refrigerator cars are loaded with apples, peaches, berries, and pears, and they carry their freight to the distant cities of the East. Though without water much of the land of the western third of the nation is as valueless as Daniel Webster predicted it would be, with water it is worth from \$100 to \$1,000 an acre.

The New South

The southern states, which have for years depended for their prosperity almost entirely on cotton, are turning more and more to industry. There are now 34,000 manufacturing establishments in the South, contributing almost 20 per cent of the nation's total in manufactured goods. Statistics best tell the story of the growth of industry in the South—a billion dollars have gone into modernizing and enlarging southern industries since 1930; \$500 million have been invested in the South in the last 18 months; \$940 million were spent on construction in 1936; the total value of the South's manufactured products was \$9½ billion, of which \$5½ billion went for raw materials, \$2 billion for labor.

The cotton textile plants were practically the only industries in the South until 1929, but since that time other plants have been springing up rapidly. The South has great chemical resources, including the largest deposits of sulphur in the United States, great beds of soda, ash, and salt domes. It contains the largest reserves of petroleum which scientists have found. Cottonseed, which was a nuisance for years, is now becoming the basis for one of the South's principal industries. The 200 million acres of pine forests are causing the growth of lumbering camps, saw mills, and paper mills. Labor in the South is cheap. Because the sharecroppers and farm hands have been used to poor pay and low standards of living, they will go to work in the mills and factories for less than the workers in the northern states demand.

Safe Driving

During the present school year, half a million high school students will learn the fundamentals of safe driving by courses offered by 3,300 schools, according to an estimate by the American Automobile Association. The Association has been working for safe-driving education for years. It sponsored classes for high

school teachers in a number of colleges and universities last year and during the summer. Now the graduates of these courses will pass on the information they have received to their high school classes.

The A. A. A. driving course was organized by Professor Amos E. Neyhart. It first considers the driver himself—his emotional and physical reactions while at the wheel. Then it takes up a study of the automobile and its safety appliances, and actual driving practice is included in the course.

The importance of safe driving is best illustrated by the number of accidents which occur every year. In 1936, 37,800 persons were killed by traffic accidents in the United States. Many of these accidents involved boys and girls of high school age, yet in the past relatively few schools have spent any time teaching its students to drive.

NYA Funds Drop

Only \$20 million will be distributed to high school and college students by the National Youth Administration this year, in comparison to the \$23 million provided last year. Of this amount, \$8¼ million will go to 140,000 high school students, while \$10½ million will go to 80,000 college students. The remainder is allotted in special funds; part of it provides for Negro schools. High school students cannot earn more than \$6 a month under the NYA program, while the maximum amount for college students is \$15 a month. Every state in the union will receive a share of the NYA money.

Government's "Guessers"

Forecasting the size of American farm crops is the business of the Crop Reporting Board, an agency of the Department of Agriculture. Each year the Board determines many weeks in advance the approximate size of the various farm crops. Some 300,000 farmers in the United States supply information to the Board, on which the estimate is based. Regional offices all over the nation compile this information and add their own contributions. Then the figures come to Washington, where the Board puts the regional estimates together.



THE NEWLY COMPLETED FEDERAL RESERVE BUILDING IN WASHINGTON



HARRIS AND EWING

GOVERNMENT SECRECY AT ITS BEST

One of the most interesting spots in the government service is the crop-reporting board of the Bureau of Agricultural Economics where, under lock and key, shut and sealed windows and closed doors, the crop report of the United States is made out. It is vitally important that no data leak out until the full release is flashed over the wires, as it would provide opportunities for speculators in the stock and grain markets.

The forecasts have been so accurate in the past that the Board has built up a reputation for its estimates.

The Board has been forecasting farm crops since 1866. Its estimates have a great influence on the market—prices drop or rise abruptly when the forecast is issued. For that reason, the Board is very careful to keep its estimates a secret while they are being prepared. The work is done behind locked doors, and no hint as to the actual figures is allowed to leak out. Otherwise speculators might get advance information with which they could make huge profits. The estimates are released usually at 3 o'clock, when the markets have closed for the day, so the news will have time to circulate over the entire nation before the next day's buying and selling begins on the commodity exchanges.

Irving Bacheller (New York: Farrar and Rinehart, \$2). A great deal of the force of this book lies in the theme which Mr. Bacheller develops: "Men are made while they are boys—an old saying with much truth in it. Then, if ever, they get the thing called capacity to accommodate a large or a small measure of power."

I liked the book because the author mentioned this theme only at the beginning, and then told the story of Lincoln's youth. Each incident which he relates gives a clearer realization that Abe Lincoln, the boy, was developing traits and habits which would show themselves during his manhood. There are many new stories about his boyhood, too, and even those incidents which are best known are re-

NEW BOOKS

ONE of the most interesting chapters in our nation's history is the story of our territorial possessions. It is a record both of peace and of warfare, a serial story, so to speak, because we still possess outlying territories which we must govern and for which we must determine policies. I gained a clearer picture of this field recently through Colonel Theodore Roosevelt's "Colonial Policies of the United States" (New York: Doubleday, Doran, and Company, \$2).

The information in this book is more interesting than one would judge from the title. Colonel Roosevelt is well qualified to discuss these policies, too, because he can draw on his experience as the only man who has been both governor of Puerto Rico and governor-general of the Philippine Islands. This same experience furnished him with many amusing anecdotes which flavor the book.

One of the best stories which he tells deals with his attempts to learn the Spanish language. He even used Spanish to deliver his speeches to the people in Puerto Rico, making many comic mistakes as he learned. "Once, when introducing a distinguished general, and wishing to say he was a bachelor," Roosevelt says, "I made a slight slip and announced him as a tapeworm." Such stories as this make the book far more inviting to the reader.

* * *

ABRAHAM LINCOLN'S life is as full of stories and anecdotes as that of any American statesman. Perhaps the most familiar of these tales is the report of his working as a store clerk—how he found one evening that he had overcharged a woman for a purchase, and walked several miles to return a few pennies in change to her. We remember, too, his reputation as a backwoods athlete, his labor as a rail-splitter, and his meager education, most of which he obtained himself by the firelight of the hearth in his parents' cabin.

Even though these stories are well known, I spent a pleasant evening rereading them as they were told in "A Boy for the Ages" by



FROM A DRAWING BY CHARLES CHILD FOR "A BOY FOR THE AGES"

peated in an interesting fashion. When I finished, I found that the author had put across his theme without preaching a sermon. He simply told the story; the theme took care of itself.

* * *

SALLY SALMINEN was born on the Aland Islands, where the Gulf of Bothnia joins the Baltic Sea. Her mother was Swedish, her father a Finn, and Sally was the ninth of 12 children. In 1930 Sally came to America, and after working five years as a domestic servant she commenced writing a novel. She sent her finished manuscript to Helsingfors as an entry in a prize competition where it carried off first honors.

This novel has been translated and published in the United States. It has only the simple title "Katrina" (New York: Farrar and Rinehart, \$2.50). And the story, too, is simple and straightforward. Miss Salminen had known and felt the hardships of life on the Aland Islands, and it is the story of this locality and its people which she tells.

I liked Katrina, the main character of the book. She reared a family of three boys and one girl, a large task to accomplish, because she had to make a living for her family by working as a field hand. Her husband Johan, a sailor, was too happy-go-lucky and undependable to earn the family bread. The story of their lives is one of hardship, suffering, and only a few simple pleasures. One feels in reading it that Miss Salminen is sincerely telling the truth about a life which she knows herself.

U. S. Employment Service Heads Nationwide Job-Finding System

ORGANIZATIONS whose purpose it is to bring together men seeking jobs and employers looking for help are nothing new. There have long been employment bureaus established by private individuals who make it their profession to find vacancies for the unemployed. Some of these bureaus are operated by foundations or charitable organizations, others are run on a profit basis. Before the depression, a few states and cities had provided public employment services.

Wagner-Peyser Act

But it was not until 1933 that a nationwide network of public employment offices, which would provide a free placement service to workers of all professions or occupations, was established. This was accomplished through the Wagner-Peyser Act, passed by Congress in that year, under which the federal government offered to distribute funds to the states, in proportion to their population, to be used in opening state employment offices. The states were required to match the federal grant dollar for dollar, and accept the supervision and the uniform standards of the United States Employment Service in the Department of Labor.

Many states recognized a social value in this system and promptly enacted legislation to create state services. And after the passage of the Social Security Act in 1935, many other states followed the lead, for unemployment compensation benefits were to be paid only through state employment offices. Now, in 1937, all but four states have these offices, although most of the services do not yet cover the whole area of the states. For the territory not covered, a temporary system under direct federal operation has been established; this is the National Reemployment Service.

The National Reemployment Service was organized in 1933 because the federal government could not wait upon all the states to set up their services. Qualified workmen had to be found quickly for the huge

public works program then being launched. Later, these emergency offices also took care of WPA placements, and in more recent months they have also tried to find jobs for workers in private industry. In May 1937, the NRS was still handling about two-fifths of all placements by public offices. But as rapidly as the states are able, NRS offices are being turned over to state operation.

Thus, for the first time a nationwide, coordinated method of finding employment for jobless workers is being developed on a scientific basis. Special efforts are being made to determine what applicants for jobs are best able to do, and to fit them into the most suitable type of employment. A mass of information with regard to employment trends and opportunities is being gathered.

Since 1933, the NRS and the state employment services have placed workers in about 14 million jobs. This does not mean that 14 million different people have been provided with work, for many have several times been placed in jobs of a temporary nature. The record, however, is impressive.

The Record

During the last four years as a whole, the jobs found have been chiefly in government work. During the fiscal year, 1936-1937, however, more than half of the 4,000,000 placements made by the state employment services have been in private industry. Figures published in the *Monthly Labor Review*, published by the Department of Labor, do not yet show what types of employment were most often found this last year, but a wide variety of occupations was represented in the tabulation for 1935-1936. The majority of jobs in that period involved physical labor for men, and domestic service for women, but included in the total were 400,000 craft jobs, 200,000 clerical positions, 175,000 professional places, and 45,000 selling positions.

As the service grows in experience and as more employers and workers become aware of its existence, the nation will acquire a useful weapon in combating periods of business recession. Until now, the public employment services have taken the initiative in finding places for those on their rolls. They have undertaken to uncover opportunities for employment in private industry. Employers, so far, have not approached the service bureaus, when they needed help, to any considerable degree. Whether, in the course of time, they take voluntary advantage of the new services being developed by the state and federal governments remains to be seen.

It is the aim of the United States Employment Service not only to perform the routine task of job finding, but to help individuals, both employers and workers, with their employment problems. This means finding satisfactory employees for the businessman and fitting applicants into the sort of work in which they will be most likely to find happiness and success.

Your Vocabulary

Do you know the meaning of the italicized words in the following sentences? This obligation is *paramount*. They are entitled to the government's *solicitude*. Our judgment is easily swayed by *irrelevant* things. The fire in the spice factory sent up a cloud of *pungent*, white smoke. The man's statements were *unequivocal*. The judge *mitigated* the prisoner's punishment. He was *scrupulous* in all his dealings. The governor was *bigoted* in his politics. The employees' wages were *disbursed* by the paymaster.

If you resort to the dictionary to find the meaning of these words, be sure to check your pronunciation of them, too. All these words came from a single copy of the *St. Louis Post-Dispatch*.

Something to Think About

1. If you were asked to size up the present condition of American business, what items would you study before making your appraisal? Why?
2. What two factors in the present situation might upset all calculation about business during the next six months? Explain how each of them might affect business conditions.
3. Give a reason why the American farmer has been particularly fortunate this year. Do you believe his present high prices will continue beyond 1938?
4. What were the contradictory promises made by Great Britain during the World War to the Jews and the Arabs of Palestine?
5. What objections have the Jews made to the proposal for Palestine? Do you consider these objections valid? What is the attitude of the more recalcitrant Arabs?
6. What is the Zionist movement? How has it affected Palestine since the close of the World War?
7. What is the basic difference between the President's philosophy of the Constitution, as

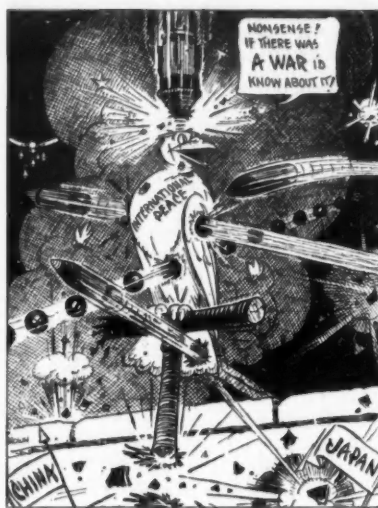
expressed in his recent address, and that of Senator Borah of Idaho?

8. How may the rapid industrialization of the South be expected to affect the life of the people of that region?

9. Why has the League of Nations little reason to be optimistic at its meeting this year?

10. How do you account for the recent decline in the value of the French franc?

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ALL QUIET ALONG THE EASTERN FRONT
BROWN IN IDAHO STATESMAN



IT'S ALMOST BEGINNING TO LOOK LIKE A WAR
ELDERMAN IN WASHINGTON POST

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

The Breakdown of International Law

THE two major wars now being fought in Europe and Asia have raised confusing issues and thrown the noncombatant nations of the world into a serious dilemma, so far as their relations with the belligerents are concerned. Though the hostilities on both continents are so widespread and actually involve warfare on the land and sea and in the air, officially the world is at peace. The two wars remain undeclared. Legally, no state of war exists between Japan and China on the one hand, or between the two factions in Spain and their allies on the other. Nor has any third power recognized the belligerency of the combatants—an act which is customary in the case of wars.

As a result, there is the extremely anomalous situation of nations which are *actually* at war, though *technically* at peace. This is an important fact, for the rules of international law which apply in time of peace are different from those which govern the relations of nations with one another in time of war. At first glance, this may seem to have little importance, but if we examine some of the differences between the laws of peace and the laws of war, we may better appreciate the difficulties. Let us first, however, say a few words about the origins and obligations of international law in general.

International Law

International law is unlike domestic law in that it is not the result of legislative enactment by a world congress; nor does it depend for its enforcement upon an international army or police force. It depends solely upon the good will, morality, and honesty of the members of the family of nations. When nations begin to disregard its rules and obligations, there is a breakdown of international morality, and anarchy replaces order in their dealings with one another. Although there have been violations of international law in the past—notably during the World War—its main obligations have been adhered to for centuries.

International law originates from a number of sources. First, it is based upon the traditions and customs which have governed international relations throughout the centuries. Treaty obligations, international conventions, and general principles of justice all define the rights and duties of nations and make up the great body of international law. So important has compliance to the rules of international law become, that nations which violate its principles have in the past lost the respect of the rest of the world.

Since both the law of peace and the law of war are so extensive and complex, we can mention only a few of the rules which show the difficulties now confronting the world in connection with the two unde-

clared wars. In certain respects, the two cases are different, since in the one there is a war between two independent nations, whereas in the other the major conflict is between two factions in a single nation—in other words, a civil war. In the main, however, there is little difference so far as the rules of conduct are concerned.

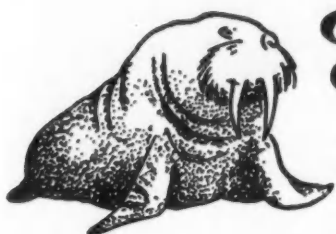
When War Exists

When a state of war legally exists, both the belligerents and the neutrals, or non-combatants, have certain rights and certain duties. Failure to abide by the rules of the game constitutes a violation of international law. For example, nations which are officially and technically at war may interfere with the shipping of neutral states. They may stop ships on the high seas, outside their own waters, and search them for war materials which may be destined for their enemies. They may declare a blockade of their enemy's ports, and neutrals are obliged, under law, to respect the blockade. International law in dozens of ways decrees what belligerents may do on land and sea and in the air and what they may not do. It strictly delimits the rights of neutrals and clearly defines their obligations.

If nations are technically at peace with one another, though actually at war, a different situation exists. They may not interfere with neutral shipping, and any attempt to do so must be regarded as piracy. They are liable for any damage inflicted upon the citizens of third powers who suffer as a result of the hostilities. In both the Spanish war and the Sino-Japanese conflict, serious complications have arisen as neutral nations have attempted to conduct themselves according to the laws of peace, whereas war was actually in progress. Neutral shipping has been interfered with, neutral lives lost, blockades established, and all the practices of war have been applied. To make matters worse, foreign powers have, in the Spanish war, become directly involved, taking unto themselves the privileges of belligerents on the one hand and on the other demanding rights which they would enjoy if there were no war. All this has presented an entirely new situation to the world. International law has lost much of its force. Piracy has again appeared in the world, and a considerable degree of international anarchy has replaced the order and justice which strict application of the rules of international law would afford.



DAVID S. MUZZEY



The Walrus

"The time has come, the walrus said, to talk of many things: of shoes—and ships—and sealing wax—of cabbages—and kings."

IT SEEMS rather a strange thing that students in general should be so little interested in problems of education. Many of them seem inclined to go to school and take whatever is offered them without inquiring definitely what it will mean to them and how they can best cooperate with the teachers in the school in order to obtain the most satisfactory results. Great progress is being made in education these days, changes are under way, new courses are being worked out, and old ones are being improved. All this affects each student deeply. As a matter of fact, the nature of the education which one receives has a tremendous influence upon his life, and the natural thing would be for students to take a keen interest in all the changes which are going on.

It is particularly desirable that students be interested, because much more can be done for education than is being done at present. In order that schools may make the progress which they should, everyone in the community should know what is being accomplished and what might be done with better support. Students are in a position to advertise their schools to the public and to use influence in favor of educational advancement.

Nothing could be more appropriate, therefore, than that Education Week should be observed in every school. It is still some distance away, for it will be celebrated November 7 to 13. But if the students and teachers of any school are to give the occasion the attention it deserves, there is no time to be lost in making preparations as programs, to be effective, must be carefully worked up.

Anyone interested in preparing for Education Week should write for ideas, suggestions, and material to the National Education Association, 1201 Sixteenth Street, N. W., Washington, D. C. Particularly helpful are the High School Manual, the Handbook, and the Source Book. The High School Manual gives suggestions for activities on each of the days of Education Week. There are also references to material on the subject for each of the days. The Handbook tells "How American Education Week Is Observed in Typical Communities," and the Source Book contains a great many quotations and short articles, which should be highly useful in the preparation of programs. The price of the Manual is 15 cents for a single copy, of the Handbook 20 cents, and the Source Book 10 cents. In orders of quantity the price is lower.



JOY ELMER MORGAN

ONE of the most influential men in American education is Joy Elmer Morgan, for many years editor of the "Journal" of the National Education Association. Mr. Morgan grew up on a Nebraska farm, worked hard in his early years, looked out for himself, worked his way through school and college, and developed an appreciation for the things that really count in life. His concern is for the development of a sort of education which trains in character as well as intellect. He is idealistic but at the same time practical. He puts vitality into the publication which he edits, and which, from its very beginning, has represented his thought and purposes. His conception of education is by no means narrow. He is interested in every effort which is being made to improve conditions of American life, and he gives his time freely to community enterprises looking in that direction.

I AM going to refer again to a subject that I discussed last year; that is, the cheap, tawdry, false, and misleading advertising which is done by so many corporations, particularly the tobacco companies. I enjoy the musical programs which certain of these companies put on over the radio, but when the music stops and some radio or movie star or actress, or news commentator, is brought to the microphone to speak his little piece, telling about the virtues of the particular cigarette which is being advertised, I find the performance nauseating. Perhaps I dislike such a performance all the more because I have known of several cases of athletes who did not smoke at all but whose names were heralded as smokers in advertisements.

It would be a fine thing if people who, in one way or another, have achieved a position of some influence, were to feel responsible for the use of that influence. But since many of them do not, the public should take these paid recommendations for what they are worth, which is absolutely nothing. Some of the men and



The cigarettes are so good for his throat—and the money the company sent him for the endorsement isn't so bad either.

women who sell their names to advertisers may use the product which they say they use and they may like it. I am not questioning the honesty of all of them. It is a fact, however, that many people recommend things which they do not use and do it for money alone. Anyone, therefore, who buys a product on such false recommendation is certainly easily duped.

VERY often when I am tired of reading more serious things, I turn with pleasure to some tale of adventure or to a detective story. I have just finished one that I would like to pass on to readers who have similar tastes. It is "Q 39," by Michael Banner, a story of international intrigue, of spies, of a gang which operates in many nations. One is introduced to the inner circles of foreign offices engaged in combating crime which is of great international significance. The story is well told, has interesting characters and plenty of excitement. It gives one an opportunity to get away from the realities of everyday life, and I recommend it as a very pleasant bit of diversion.

SCHOOLS equipped with radio receiving sets will be interested in a weekly series of health broadcasts to be inaugurated by the American Medical Association, national organization of doctors. The series starts on Wednesday, October 13, at 2 p.m. Eastern Standard Time, over the National Broadcasting Company's red network.

Another program of interest to schools is the Music Appreciation Hour, conducted by Dr. Walter Damrosch. These broadcasts, entering their tenth season, are heard regularly, and many young people have learned to appreciate good music through them. This weekly series starts Friday, October 15, from 2-3 p.m. Eastern Standard Time, over both NBC networks. —The Walrus

EDUCATION and OUR NATIONAL LIFE



As government gives force to public opinion, it is essential that public opinion be enlightened.

WASHINGTON



I have sworn upon the altar of God eternal hostility against every form of tyranny over the human mind.

JEFFERSON



A popular government without popular information . . . is but the prolog to a farce or a tragedy or perhaps both.

MADISON

If there ever was a cause, if ever there can be a cause, worthy to be upheld by all of toil or sacrifice that the human heart can endure, it is the cause of education. In our country and in our times, no man is worthy the honored name of statesman who does not include practical education of the people in all plans of administration.

HORACE MANN



On the diffusion of education among the people rests the preservation of our free institutions.

D. WEBSTER



Without popular education no government which rests on popular action can long endure.

WILSON



We have faith in education as the foundation of democratic government.

ROOSEVELT



From a drawing prepared for Education Week by the National Education Association.

Foreign Correspondents Must Surmount Unusual Difficulties

SPREAD over the world like a network is a vast army of newsgatherers known as foreign correspondents. Although the newspapers of every country have representatives in this network, the United States probably has the largest number of men writing news from foreign nations. Some of them write for the associated newspaper groups—the United Press, the Associated Press, and the International News Service. Others correspond exclusively for metropolitan newspapers, such as the New York Times and the New York Herald-Tribune. From every nation, large or small, they cable stories of wars, industrial conditions, governmental crises, and economic problems.

Varied Experiences

There has grown up the belief that these journalists follow the most fascinating profession in the world. Those who correspond from London witnessed within the past year and a half the mourning for George V, the abdication of Edward VIII, and the coronation of George VI. The writers in Spain have seen many months of civil war, while those in China are now watching the Japanese invasion. To the readers of their accounts, it would seem that these writers are to be envied; apparently they hold the most coveted positions in newspaperdom.

The correspondents themselves likewise believe that they follow the most stimulating and fascinating trade in the world. Strangely enough, however, many of them quit their positions at the height of their careers; they retire as soon as their success in corresponding opens a path to another job. Although they praise their profession for its dangers, its excitement, and its un-failing attraction, they seize their earliest opportunity to quit it. Eugene Lyons, himself a foreign correspondent, discusses this paradox in a recent issue of *The Saturday Review of Literature*. In his article, "Why Foreign Correspondents Go Home," he states:

Unless a newspaperman has executive talents and ambitions, foreign correspondence is a blind alley—a glamorous, brilliantly lit alley if you please, but ill-paid by comparison with other professions, and without promise of real financial progress. The foreign correspondent is a professional man who can never, like an engineer let us say, strike out for himself. To the end of his days he remains a salaried employee at the mercy of some publisher in a highly restricted field. I know men with top-notch reputations in the domain of foreign reporting—reputations that in other fields would spell economic security—who remained jobless and virtually destitute for years. I know a few with famous by-lines who, fired after ten or twenty years of service for one paper or agency, were as helpless as any cub reporter; their chief hope lay in books or scenarios. What is more, at an age when a lawyer or doctor is referred to as a rising young man, a newspaperman is regarded as a doddering veteran.

However, Mr. Lyons believes that the foreign correspondents go home for other than economic reasons. These men, at heart, have a real desire to report honestly and accurately the foreign affairs which occur in their assigned regions. Their good intentions meet obstacles in the form of "censorship" and "propaganda"—or "the direct and indirect interference with honest reporting." Mr. Lyons makes this comment on the nature of the difficulties:

The blue-penciling of cable dispatches and the threat of expulsion are not the worst of the difficulties. Far more effective are the routine pressures under which the average reporter abroad works every day: the system of psychological intimidation, constant surveillance, temptations to conform, rewards for good behavior, and intrigues that sometimes reach across the ocean into the American editorial offices.

As a rule, the correspondents who speak too truthfully will be denied entrance to the foreign countries which have the strictest censorship of news. Those who are allowed to enter must constantly make themselves acceptable to the authorities, and seek to gain official favor. They are continually tempted to conform to the foreign government's way of thinking. Their failure to do so means not only that their dispatches will be censored but that they themselves will suffer subtle discrimination, ostracism, and perhaps expulsion.

Mr. Lyons expresses the hope that a knowledge of the difficulties under which foreign correspondents work will make newspaper readers more suspicious of foreign dispatches. He believes that an awareness of the intricacies of the business, the actual and potential corruptions to which it is exposed, will make everyone accept foreign news with greater skepticism.



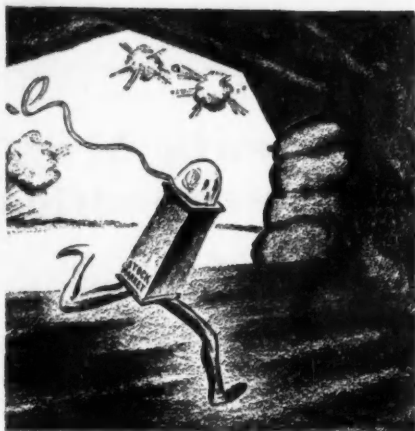
FOUR NEWSPAPERS WHICH MIRROR THE WORLD
These papers are widely known for their foreign correspondence. (From an illustration in "The Press and World Affairs," by Robert W. Desmond. (Appleton Century)

The Balance Sheet of American Business

(Concluded from page 1)

a seventh above what it was in 1923-25. The second fact of importance is that the factories and mills are putting out more goods than they were a year ago. There was a little falling off in July, probably temporary, but the general level for 1937 is far above 1936.

Not only is more being produced in the country than a year ago, but more men and women are employed. Taking the number of employed in 1923-25 at 100, em-



INTO THE DUGOUT

FITZPATRICK IN ST. LOUIS POST-DISPATCH

ployment a year ago was 93 and last July it was 101.7. About a tenth more are employed than a year ago, and nearly two per cent more people are working now than were 13 years ago. The former fact is the more significant, for it shows that during recent months many people have been put to work.

But what about payrolls; about the amount of money the workers are receiving? Here again we find an increase. The index figure for payrolls a year ago was 82.4 and in July it was 101.2. About a tenth more is being paid out to workers than was being paid last year. So far, therefore, as actual production, number of people employed, and amount of money received by workers go, conditions are improving and the situation seems to be moderately favorable.

Foreign Trade, Wages, Prices

Another factor to be taken into account is foreign trade. Our commerce with other countries fell off terribly during the depression, and we cannot enjoy permanent and secure prosperity until we are exchanging goods freely with foreigners. The trade figures, therefore, must be watched closely, and the recent figures are encour-

aging. By the middle of this year, for the first time since the depression, the stream of goods flowing from American ports was as great as it was in 1923-25, though the value of the goods was a little less than three-fourths as great, since prices were lower. Even more significant is the fact that we were selling to foreigners about a fourth more than we were a year ago. The increase in imports since the middle of last year is in about the same proportion, and our imports were greater in quantity than they were 13 years ago. The foreign trade increases seemed to be checked, at least temporarily, by the middle of this year, but still there is nothing in the foreign commerce situation to indicate that we have reached the end of the recovery period.

It is important that we examine the trend of wages and prices. If wages are going up faster than the cost of living, we know that the great army of wage earners is able to buy increasing amounts of goods. This means that the demand for goods is going up, and that increasing production and employment may be expected. On the other hand, if the cost of living is going up faster than wages, it means that workers can buy less, that the retail stores will have less business, and that their orders to the factories will have to be reduced.

Here again, the figures tell a moderately encouraging story. From the middle of 1936 to the middle of 1937 the cost of living went up about four per cent. At the same time the average weekly earnings of workers who had jobs increased at least 10 per cent. The cost of living is still about 10 or 11 per cent lower than it was in 1923, and average weekly wages are a little higher than they were at that time.

Farmers' Income

Wage earners make up a large part of our population, and it appears that they will be in a position to buy more goods this winter than they were buying a year ago. The farmers are also to be reckoned with, for they constitute about a third of the population. The farmers, too, are in a position to buy more than they could last winter. It is estimated that the income of farmers this year is 13 per cent higher than last year, and it is well distributed among the farmers of the different parts of the nation.

The market effects of this enhanced agricultural purchasing power will continue to be felt for a period well beyond December 1937. A portion of many of the important

crops will not be marketed until 1938, and grains and hay crops marketed indirectly through livestock and livestock products project their influence still further forward.

In considering this farm situation, it must be noted, however, that the large harvests are due to exceptionally favorable weather conditions in the United States and that the failure of farm prices to decline in the face of a larger supply is attributable to adverse weather factors in competing producing countries. Thus we cannot conclude that the new level of farm income is of a lasting character; next year's tendencies might bring a different outcome.

The income of the industrial labor population is also larger than last year. As already indicated, wages have risen much more than the cost of living. Certain labor groups and many salaried workers have, of course, been adversely affected by the recent advances in the cost of living. But in the aggregate, the *real income* of the masses is—for the present and immediate future—increased. Total national income in dollars for the current year will approximate 70 billions.

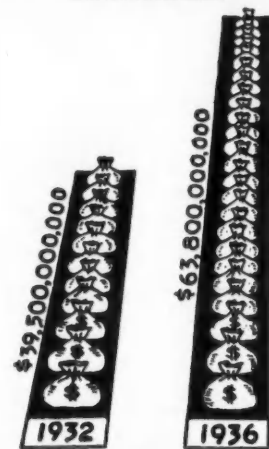
As gauged by purchasing power, the situation is thus distinctly favorable to a continuation of a relatively high level of business activity for some months to come. With the income of both the farm and the industrial labor population substantially higher this year than last, it would seem that, barring some unforeseen factor that might seriously shock business confidence, the consumptive goods industries ought to continue at a high level of production.

Capital Goods

If there is to be any permanent and secure increase of business activity, there must, however, be an expansion of the capital goods industries—that is, the industries engaged in construction or in the production of tools and machinery. These are the industries which were most seriously affected by the depression and which have been the slowest to recover. If we examine the construction industry which makes use of so many kinds of material and which directly or indirectly employs several million workers, we find that considerably more building is going on than was under way a year ago. Even so, there is nothing like a boom in construction; nor is any in prospect. It is probable that in 1937 not more than 375,000 housing units (houses and apartments) will be built, whereas something like 900,000 a year during the next few years represents the requirements if predepression's housing standards for the population as a whole are to be restored by 1941. The moderate expansion of the building industry which we have experienced might come to an end if the cost of building materials, such as brick, lumber, structural steel, and plumbing and heating fixtures were to go up rapidly. They have increased by nearly 10 per cent since last year, but for several months they have been stationary, and a rise such as would check expansion does not seem now to be in prospect.

We may now have a glance at business profits. Have increasing wages, taxes, or any other conditions which have come about seriously threatened profits? This is an important question, for if profits decline too much, a slump in business activity will follow. The answer is that profits have risen materially since last year. Manufacturers have increased their prices more than enough to make up for the increases of wages and other costs. If they should raise their prices much more, their sales would probably fall off. There is no evidence, however, that they will be obliged to increase prices. On the whole, it seems probable that if production continues at present levels, profits of industrial corporations will continue to be satisfactory for the near future. There has been some increase in taxes, chiefly the social security levy. This year, however, the social security tax will amount to only four

NATIONAL INCOME



INDUSTRIAL PRODUCTION



COURTESY NEW YORK TIMES

NATIONAL INCOME AND INDUSTRIAL PRODUCTION

per cent of the total amount paid as wages, and this increase is not sufficient to affect greatly the profit situation for the year.

Uncertain Factors

All calculations about the business situation might be upset if the financial condition of the government should be too unfavorable. But that is not to be expected. The national income is increasing rather rapidly, and this will enable the government to collect more in revenues. It may be expected that the deficit will shrink rapidly. The federal budget and monetary outlook is, on the whole, reassuring.

The factors in the business situation which have been examined indicate that we may reasonably expect a moderate advance for several months in the expansion of business we have been enjoying. There are, however, two factors which make all calculations uncertain. One of these is the stock market situation. If great numbers of the millions of people who own stock in corporations should become alarmed by the recent declines, should fear further breaks, and should scramble to get out of the market, stock prices might continue to fall for some time. If that should happen, the losses to investors would be great, and many corporations might actually be hurt. A general state of fear or alarm might set in.

The other unknown factor relates to the international situation. If a general war should break out in Europe, or if certain of the European nations, under the strain of heavy armament burdens, should suffer financial collapse, the effects would be felt deeply in the United States.

We may conclude that if the decline of the stock market is arrested before it produces a state of fear and alarm, and if the international situation does not take a more threatening turn, the American people have good reason to be hopeful about the course of business during the coming winter and spring.

Smiles

The insurance agent asked the prospect: "Did you ever have appendicitis?" "Well," answered the prospect, "I was operated on, but I have never been quite certain whether it was appendicitis or professional curiosity." —EXCHANGE

"P'taters is good this morning, madam," said the market gardener, making his usual weekly call. "Oh, are they?" retorted the customer. "That reminds me. How is it that those you sold me last week were so much smaller at the bottom of the basket than at the top?" "Well," replied the man, "p'taters is growin' so fast now, by the time I get a basketful dug, the last ones is about twice the size of the first." —MONTREAL STAR

Teacher (sternly): Robert, I will have to ask your father to come and see me. Robert: Better not, teacher; Pop charges two dollars a visit. —BOY'S LIFE

"Too bad about the disappearance of Professor Smith. He was a profound thinker." "Yes, he was always thinking, no matter where he was. The last time I saw him he was in swimming and he suddenly called out, 'I'm thinking!'" "You dunce, you! Professor Smith spoke with a lisp." —BOY'S LIFE



"JUST GRAB ONE, MADAM, AND CUT OUT THE TWITTERING"

MCKAY IN COLLIER'S

Diner: "Is it customary to tip the waiter in this restaurant?"

Waiter: "Why—ah—yes, sir."

Diner: "Then hand me a tip. I've waited three-quarters of an hour for that steak I ordered." —CLIPPED